

**CASE**

**NUMBER:**

99-356

HISTORY INDEX FOR CASE: 1999-356  
COW CREEK GAS, INC.  
Investigation - Service  
COMPREHENSIVE INSPECTION

IN THE MATTER OF COW CREEK GAS, INC. - ALLEGED VIOLATIONS  
OF ADMINISTRATIVE REGULATION 807 KAR 5:022

SEQ NBR	ENTRY DATE	REMARKS
0001	09/02/1999	Order sched. hearing on 9/28/99 at 9:00 in HR 1; resp. to allegations due 9/22.
M0001	09/20/1999	JUSTIN HALL INTERSTATE NATURAL GAS-CERTAIN FUNCTIONS TO SATISFY INSPECTION REPORT
0002	09/22/1999	Order scheduling 9/23 informal conference
M0002	09/22/1999	JEROME KANNEY COW CREEK WD-RESPONSE TO SATISFY INSPECTION REPORT
0003	10/14/1999	IC memo sent to parties; comments, if any, due 10/22/99.
0004	10/14/1999	Proposed Settlement Agreement sent to parties.
M0003	10/19/1999	JUSTIN HALL/INTERSTATE NATURAL GAS-STATUS OF ODOR METER, WEEKLY TESTS, SYSTEM LEAK SURVEY E
0007	11/04/1999	Settlement Agreement entered into between Cow Creek Gas & Commission Staff.
0005	11/30/1999	Final Order assessing a civil penalty for violations.
M0004	12/08/1999	JEROME KANNEY COW CREEK GAS INC-500 CHECK FOR PENALTY FIR VIOLATIONS KRS 278.992
0006	12/10/1999	Receipt of Payment for \$500.00.

1999-356

VII-J-237

Box 45

45



COMMONWEALTH OF KENTUCKY  
**PUBLIC SERVICE COMMISSION**  
730 SCHENKEL LANE  
POST OFFICE BOX 615  
FRANKFORT, KENTUCKY 40602  
www.psc.state.ky.us  
(502) 564-3940

RECEIVED

FEB 08 2000

PUBLIC SERVICE  
COMMISSION

November 4, 1999

Ms. Helen C. Helton  
Executive Director  
Public Service Commission  
Post Office Box 615  
Frankfort, Kentucky 40602

Re: Case No. 99-356

Dear Ms. Helton:

Attached please find a Settlement Agreement entered into between Cow Creek Gas, Inc. and Commission Staff for filing in the above-referenced case. The signatories to this Settlement Agreement request that the Commission review and approve it as quickly as possible.

Sincerely,

A handwritten signature in cursive script, appearing to read "James R. Goff".

James R. Goff  
Staff Attorney

Attachment

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

COW CREEK GAS, INC. )  
 )  
 \_\_\_\_\_ ) CASE NO. 99-356  
 )  
 ALLEGED VIOLATIONS OF )  
 ADMINISTRATIVE REGULATION )  
 807 KAR 5:022 )

SETTLEMENT AGREEMENT

On September 2, 1999, the Commission issued an Order to Cow Creek Gas, Inc. ("Cow Creek") to show cause why it should not be penalized for the following violations:

1. Odorant checks were not conducted during 1998. 807 KAR 5:022, Section 13(17)g, and 49 CFR Part 192.625(f). This is a repeat violation.
2. No system leak survey records. 807 KAR 5:022, Section 14(13) and 49 CFR Part 192.723. This is a repeat violation.
3. No valve inspection records for the year 1998. 807 KAR 5:022, Section 14(25) and 49 CFR Part 192.747. This is a repeat violation.
4. Failure to review relief valve capacities for 1998. 807 KAR 5:022, Section 14(23) and CFR Part 192.743. This is a repeat violation.
5. Failure to have continuing education program as required to inform the public to recognize a gas pipeline emergency. 807 KAR 5:022, Section 13(9)(d) and 49 CFR Part 192.616. This is a repeat violation.

6. No records of annual maintenance on regulators and relief valves.  
807 KAR 5:022, Section 14(21) and 49 CFR Part 192.739.

In response to that Order, Cow Creek was granted an informal conference with Commission Staff to determine if this matter could be disposed of without a formal hearing. At that conference, Cow Creek admitted that it was in violation of the regulations as contained in the Order of September 2, 1999 and as set out above. In mitigation of the penalty imposed under KRS 278.992, Cow Creek presented documents to Staff that would place it in substantial compliance with Commission regulations, and Cow Creek indicated that it was in the process of obtaining the necessary inspections, surveys, and equipment to enable it to comply and remain in compliance with Commission regulations. In consideration of Cow Creek's good faith attempt to comply with Commission regulations and the small size (33 customers) of Cow Creek, the Staff and Cow Creek have entered into the following settlement agreement:

1. For each of the six violations contained herein, Cow Creek shall be penalized Five Hundred Dollars (\$500), or a total penalty of Three Thousand Dollars (\$3,000).

2. Cow Creek shall pay Five Hundred Dollars (\$500) of this penalty as directed by Commission Order.

3. The balance of the penalty, or Two Thousand Five Hundred Dollars (\$2,500), shall be held in abeyance for two years upon the following conditions:

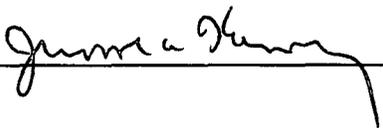
a. Cow Creek shall commit no further violations of these regulations.

b. Cow Creek shall obtain training for its operational or maintenance personnel in the safe and proper operation of a natural gas system as the Commission may direct.

4. Cow Creek waives its right to a public hearing and agrees to submit this settlement agreement to the Commission for a decision.

5. This settlement agreement is subject to the approval of the Public Service Commission. If the Public Service Commission fails to adopt this agreement, this settlement shall not be binding on any of the parties.

COW CREEK GAS. INC.

By: 

Dated: 10-15-99

PUBLIC SERVICE COMMISSION OF KENTUCKY

By:   
J. R. Goff, Staff Attorney

Dated: 10-15-99

HISTORY INDEX FOR CASE: 1999-356  
COW CREEK GAS, INC.  
Investigation - Service  
COMPREHENSIVE INSPECTION

IN THE MATTER OF COW CREEK GAS, INC. - ALLEGED VIOLATIONS  
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COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

COW CREEK GAS, INC. )

)

\_\_\_\_\_ )

CASE NO. 99-356

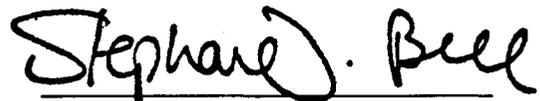
)

ALLEGED VIOLATIONS OF )  
ADMINISTRATIVE REGULATION)

807 KAR 5:022 )

RECEIPT OF PAYMENT

This is to acknowledge receipt of one check in the amount of \$500.00, payable to Kentucky State Treasurer from Cow Creek Gas, Inc. This represents full payment of the penalty assessed against them in the above-styled action.



Stephanie Bell

Secretary of the Commission

Dated 12/10/99

hv

**COW CREEK GAS, INC.**  
276 Thompson Road  
P.O. Box 2861  
Pikeville, KY 41502  
Phone (606) 437-6147

RECEIVED

DEC 08 1999

PUBLIC SERVICE  
COMMISSION

December 6, 1999

Stephanie Bell  
Office of General Counsel  
Public Service Commission  
730 Schenkel Lane  
P.O. Box 615  
Frankfort, KY 40602

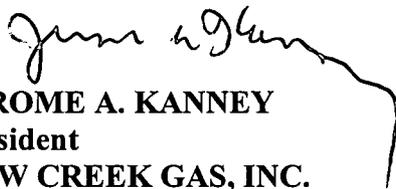
RE: Case No.: 99-356

Dear Ms. Bell:

Enclosed you will find cashier's check, number 4864359301 in the amount of \$500.00 for payment of a civil penalty for violations under KRS 278.992(1). Based on the payment of \$500.00, the Public Service Commission shall hold the balance of the penalty or \$2,500.00 in abeyance for two years pending there are no repeat violations and personnel attend gas safety training seminars annually for three years.

Thank you for your time and attention to this matter. If you have any questions, please feel free to call our office.

Very truly yours,

  
**JEROME A. KANNEY**  
President  
COW CREEK GAS, INC.

JAK/tan

Enclosure: Cashier's Check



COMMONWEALTH OF KENTUCKY  
**PUBLIC SERVICE COMMISSION**

730 SCHENKEL LANE  
POST OFFICE BOX 615  
FRANKFORT, KY. 40602  
(502) 564-3940

CERTIFICATE OF SERVICE

RE: Case No. 1999-356  
COW CREEK GAS, INC.

I, Stephanie Bell, Secretary of the Public Service Commission, hereby certify that the enclosed attested copy of the Commission's Order in the above case was served upon the following by U.S. Mail on November 30, 1999.

Parties of Record:

Jerome A. Kanney  
President  
Cow Creek Gas, Inc.  
276 Thompson Road  
P. O. Box 2861  
Pikeville, KY. 41502

*Stephan Bell*

Secretary of the Commission

SB/hv  
Enclosure

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

COW CREEK GAS, INC. )  
 )  
 \_\_\_\_\_ ) CASE NO. 99-356  
 )  
 ALLEGED VIOLATIONS OF )  
 ADMINISTRATIVE REGULATION )  
 807 KAR 5:022 )

O R D E R

Cow Creek Gas, Inc. ("Cow Creek") is a gas distribution system operating in Floyd County, Kentucky, serving approximately 33 customers.

Cow Creek is subject to the jurisdiction of the Commission pursuant to KRS 278.010 and 278.040. Cow Creek is also subject to Commission jurisdiction under the authority of and in compliance with federal pipeline safety laws, 49 U.S.C. § 60101, *et seq.*, and the regulations of 49 CFR 189-199, pursuant to KRS 278.990 and 278.992.

Pursuant to these statutes and 49 CFR 189-199, the Commission promulgated Administrative Regulation 807 KAR 5:022. Commission Staff has submitted to the Commission a Comprehensive Inspection Report, dated July 29, 1999, in which Commission Staff alleged violations of Commission regulations.

An informal conference was scheduled on September 23, 1999 to discuss the violations, as set out in that inspection report, and the civil penalty to be imposed, pursuant to KRS 278.992. At the informal conference Cow Creek and Commission

Staff reached a settlement agreement wherein it was agreed that Cow Creek was in violation of the following regulations:

1. Odorant checks were not conducted during 1998. 807 KAR 5:022, Section 13(17)(g), and 49 CFR Part 192.625(f). This is a repeat violation.

2. No system leak survey records existed. 807 KAR 5:022, Section 14(13), and 49 CFR Part 192.723. This is a repeat violation.

3. No valve inspection records existed for the year 1998. 807 KAR 5:022, Section 14(25), and 49 CFR Part 192.747. This is a repeat violation.

4. Cow Creek had failed to review relief valve capacities for 1998. 807 KAR 5:022, Section 14(23), and CFR Part 192.743. This is a repeat violation.

5. Cow Creek had no continuing education program as required to inform the public to recognize a gas pipeline emergency. 807 KAR 5:022, Section 13(9)(d), and 49 CFR Part 192.616. This is a repeat violation.

6. No records of annual maintenance on regulators and relief valves existed. 807 KAR 5:022, Section 14(21), and 49 CFR Part 192.739.

It was further agreed that Cow Creek waives its right to a formal hearing and that it would be assessed a penalty of \$500 for each of the 6 violations for a total civil penalty of \$3,000.00. The settlement agreement also provided for the payment of the civil penalty under certain terms and conditions.

Cow Creek is a small natural gas utility serving 33 customers and has cooperated with the Commission during the course of this case. Cow Creek has filed a list of its present efforts to comply with the Commission's regulations and to provide safe gas service to its customers. The Commission finds that these factors were considered

in the agreement as reflected in the compromise of the amount of the civil penalty.  
KRS 278.992(1).

The Commission finds that the settlement agreement, dated October 15, 1999, is fair and reasonable and should be approved.

IT IS THEREFORE ORDERED that:

1. The settlement agreement, appended hereto, is incorporated into this Order as if fully set forth herein.

2. Cow Creek is assessed a civil penalty of Three Thousand Dollars (\$3,000) for violations, pursuant to KRS 278.992(1).

3. Within 10 days of the date of this Order, Cow Creek shall pay to the Commonwealth of Kentucky the sum of Five Hundred (\$500) Dollars. This payment shall be in the form of a cashier's check made payable to the Kentucky State Treasurer, and shall be mailed or delivered to the Office of General Counsel, Public Service Commission, 730 Schenkel Lane, Post Office Box 615, Frankfort, Kentucky 40602.

4. The balance of the penalty, or Two Thousand Five Hundred Dollars (\$2,500), shall be held in abeyance for two years upon the following conditions:

a. No repeat violations of these regulations shall be found upon a re-inspection of Cow Creek to be performed within 60 days from the date of this Order.

b. The appropriate personnel of Cow Creek shall attend, annually for three years, gas safety training seminars such as those sponsored by the Kentucky Gas Association or the United States Department Of Transportation/Office of Pipeline Safety and shall retain attendance records for the Commission's inspection.

Done at Frankfort, Kentucky, this 30th day of November, 1999.

By the Commission

ATTEST:

  
Executive Director

**APPENDIX**

APPENDIX TO AN ORDER OF THE  
KENTUCKY PUBLIC SERVICE COMMISSION  
IN CASE NO. 99-356  
DATED 11/30/99

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

COW CREEK GAS, INC. )  
 )  
 \_\_\_\_\_ ) CASE NO. 99-356  
 )  
 ALLEGED VIOLATIONS OF )  
 ADMINISTRATIVE REGULATION )  
 807 KAR 5:022 )

SETTLEMENT AGREEMENT

On September 2, 1999, the Commission issued an Order to Cow Creek Gas, Inc. ("Cow Creek") to show cause why it should not be penalized for the following violations:

1. Odorant checks were not conducted during 1998. 807 KAR 5:022, Section 13(17)g, and 49 CFR Part 192.625(f). This is a repeat violation.
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6. No records of annual maintenance on regulators and relief valves. 807 KAR 5:022, Section 14(21) and 49 CFR Part 192.739.

In response to that Order, Cow Creek was granted an informal conference with Commission Staff to determine if this matter could be disposed of without a formal hearing. At that conference, Cow Creek admitted that it was in violation of the regulations as contained in the Order of September 2, 1999 and as set out above. In mitigation of the penalty imposed under KRS 278.992, Cow Creek presented documents to Staff that would place it in substantial compliance with Commission regulations, and Cow Creek indicated that it was in the process of obtaining the necessary inspections, surveys, and equipment to enable it to comply and remain in compliance with Commission regulations. In consideration of Cow Creek's good faith attempt to comply with Commission regulations and the small size (33 customers) of Cow Creek, the Staff and Cow Creek have entered into the following settlement agreement:

1. For each of the six violations contained herein, Cow Creek shall be penalized Five Hundred Dollars (\$500), or a total penalty of Three Thousand Dollars (\$3,000).

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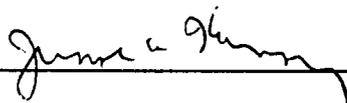
a. Cow Creek shall commit no further violations of these regulations.

b. Cow Creek shall obtain training for its operational or maintenance personnel in the safe and proper operation of a natural gas system as the Commission may direct.

4. Cow Creek waives its right to a public hearing and agrees to submit this settlement agreement to the Commission for a decision.

5. This settlement agreement is subject to the approval of the Public Service Commission. If the Public Service Commission fails to adopt this agreement, this settlement shall not be binding on any of the parties.

COW CREEK GAS. INC.

By: 

Dated: 10-15-99

PUBLIC SERVICE COMMISSION OF KENTUCKY

By:   
J. R. Goff, Staff Attorney

Dated: 10-15-99

**INTERSTATE NATURAL GAS COMPANY**

276 Thompson Road  
P.O. Box 3385  
Pikeville, KY 41502-3385  
Phone (606) 437-6147  
Fax (606) 432-5103

RECEIVED

OCT 25 1999

PUBLIC SERVICE  
COMMISSION

RECEIVED

OCT 25 1999

DIVISION OF UTILITY  
ENGINEERING & SERVICES

October, 12 1999

Larry Amburgy  
Public Service Commission  
730 Schenkel Lane  
Post Office Box 615  
Frankfort, KY 40602

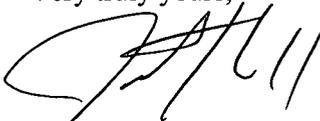
Re: Case no. 99-356, Relief valve and regulator tests.

Dear Mr. Amburgy:

This letter is the information you requested in the case number above for the relief valve and regulator tests. The test was performed on June 21<sup>st</sup>, 1999. The regulator was removed from Cow Creek's system and taken to the T. B. Williamson check meter. The T. B. Williamson system has a 2" valve downstream of a Barton dry flow differential meter. This meter is capable of pressures up to 250 psi and differential up to 100 inches water column. The meter run has a 3/8" orifice plate that the gas passes through. This is a standard system for measuring gas volumes through pipelines. The regulator was attached to the 2" valve. The upstream and downstream main valves were then closed and the 2" valve was opened. The upstream (inlet) was opened slowly to allow pressure to increase against the regulator. The pressure raised to 55 psi. The regulator opened and allowed 76,000 cubic feet through the regulator that reduced the pressure to 38 psi. When the regulator was closed and the pressure raised to 55 psi the regulator was opened to complete the test.

Pressure and differential readings were taken and a Sonney Orifice Computer (slide rule) was used to determine the volume. The meter and chart used in this test is the same meter and charts used to record volumes of gas sold through pipelines.

Very truly yours,



**JUSTIN HALL**

Land Agent

**INTERSTATE NATURAL GAS COMPANY**

JH

**INTERSTATE NATURAL GAS COMPANY**

276 Thompson Road  
P.O. Box 3385  
Pikeville, KY 41502-3385  
Phone (606) 437-6147  
Fax (606) 432-5103

October, 12 1999

Larry Amburgy  
Public Service Commission  
730 Schenkel Lane  
Post Office Box 615  
Frankfort, KY 40602

Re: Case no. 99-356

Dear Mr. Amburgy:

Interstate Natural Gas Company has purchased an odor meter from Heath Consulting. The purchase was made on Friday, October 8<sup>th</sup>, 1999. We will begin performing the weekly tests, which is pursuant to 807 KAR 5:022, Section 13(17)(g), and 49 CFR 192.625. Our records will be updated in order to comply with these regulations and any future inspections.

We have also had a system leak survey performed and we are awaiting the results. This system leak survey is pursuant to 807 KAR 5:022, Section 14(13), and 49 CFR 192.723. Subsequent records will be kept to comply with these regulations as well as any future inspections.

Very truly yours,



**JUSTIN HALL**  
Land Agent  
INTERSTATE NATURAL GAS COMPANY

JH

RECEIVED

OCT 19 1999

PUBLIC SERVICE  
COMMISSION

RECEIVED

OCT 18 1999

DIVISION OF UTILITY  
ENGINEERING & SERVICES



COMMONWEALTH OF KENTUCKY  
**PUBLIC SERVICE COMMISSION**  
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www.psc.state.ky.us  
(502) 564-3940  
Fax (502) 564-1582

**Ronald B. McCloud, Secretary**  
**Public Protection and**  
**Regulation Cabinet**

**Helen C. Helton**  
**Executive Director**  
**Public Service Commission**

**Paul E. Patton**  
**Governor**

October 14, 1999

Mr. Jerome A. Kanney, President  
Cow Creek Gas, Inc.  
Post Office Box 3385  
Pikeville, Kentucky 41502-3385

Re: Case No. 99-356

Dear Mr. Kanney:

Enclosed is a proposed Settlement Agreement in duplicate. If you approve the Agreement, sign it and return it as soon as possible. After the Commission accepts the Agreement, you will receive an Order requiring your payment of the \$500 portion of the total civil penalty in the amount of \$3,000.

A self-addressed envelope is enclosed for your convenience. You may reach me at 502/564-3940, Extension 261, if you have any questions.

Sincerely,

A handwritten signature in black ink that reads "James R. Goff".

James R. Goff  
Staff Attorney

JRG/v

Attachments

HV.

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

**FILED**  
OCT 14 1999  
PUBLIC SERVICE  
COMMISSION

In the Matter of:

COW CREEK GAS, INC. )  
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3. No valve inspection records for the year 1998. 807 KAR 5:022, Section 14(25) and 49 CFR Part 192.747. This is a repeat violation.
4. Failure to review relief valve capacities for 1998. 807 KAR 5:022, Section 14(23) and CFR Part 192.743. This is a repeat violation.
5. Failure to have continuing education program as required to inform the public to recognize a gas pipeline emergency. 807 KAR 5:022, Section 13(9)(d) and 49 CFR Part 192.616. This is a repeat violation.

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b. Cow Creek shall obtain training for its operational or maintenance personnel in the safe and proper operation of a natural gas system as the Commission may direct.

4. Cow Creek waives its right to a public hearing and agrees to submit this settlement agreement to the Commission for a decision.

5. This settlement agreement is subject to the approval of the Public Service Commission. If the Public Service Commission fails to adopt this agreement, this settlement shall not be binding on any of the parties.

COW CREEK GAS. INC.

By: \_\_\_\_\_

Dated: \_\_\_\_\_

PUBLIC SERVICE COMMISSION OF KENTUCKY

By:  \_\_\_\_\_  
J. R. Goff, Staff Attorney

Dated: \_\_\_\_\_



COMMONWEALTH OF KENTUCKY  
**PUBLIC SERVICE COMMISSION**  
730 SCHENKEL LANE  
POST OFFICE BOX 615  
FRANKFORT, KENTUCKY 40602  
www.psc.state.ky.us  
(502) 564-3940

October 14, 1999

Mr. Jerome A. Kanney, President  
Cow Creek Gas, Inc.  
Post Office Box 3385  
Pikeville, Kentucky 41502-3385

RE: Case No. 99-356

Dear Mr. Kanney:

Enclosed please find a memorandum that has been filed in the record of the above-referenced case. Any comments regarding this memorandum's contents should be submitted to the Commission within five days of receipt of this letter. Any questions regarding this memorandum should be directed to J.R. Goff at 502/564-3940, Extension 261.

Sincerely,

A handwritten signature in cursive script that reads "Helen C. Helton".

Helen C. Helton  
Executive Director

JRG/v

Attachment

H-V.

**INTRA-AGENCY MEMORANDUM**  
**KENTUCKY PUBLIC SERVICE COMMISSION**

**FILED**  
OCT 14 1999  
PUBLIC SERVICE  
COMMISSION

**TO:** Main Case File No. 99-356  
**FROM:** J. R. Goff, Staff Attorney *J. R.*  
**DATE:** October 14, 1999  
**RE:** Cow Creek Gas, Inc.  
Informal Conference of September 23, 1999

On September 23, 1999, Cow Creek Gas, Inc., ("Cow Creek") and Commission Staff held an informal conference pursuant to Commission Order. Those present at the conference signed the attached sheet.

At the meeting Staff explained the purpose of the meeting and discussed the allegations as contained in the Commission Order of September 9, 1999, as follows:

1. Odorant checks were not conducted during 1998. 807 KAR 5:022, Section 13(17)g, and 49 CFR Part 192.625(f). This is a repeat violation.
2. No system leak survey records. 807 KAR 5:022, Section 14(13) and 49 CFR Part 192.723. This is a repeat violation.
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5. Failure to have continuing education program as required to inform the public to recognize a gas pipeline emergency. 807 KAR 5:022, Section 13(9)(d) and 49 CFR Part 192.616. This is a repeat violation.
6. No records of annual maintenance on regulators and relief valves.

Cow Creek and Staff went over the response filed by Cow Creek on September 20, 1999 as to the violations noted. It was determined that Cow Creek was in violation of all the regulations as set out in the inspection report. Cow Creek, however, did present some records of surveys and inspections and indicated it was attempting to comply with Commission regulations.

Since there was no disagreement as to the violations, Staff proposed--and Cow Creek agreed to--a civil penalty of \$3000. \$500 of that penalty would be payable now and the balance (or \$2,500) would be held in abeyance for two years and then probated on the following conditions: (a) Cow Creek would commit no further violations of these regulations, and (b) Cow Creek would obtain for its operational and/or maintenance personnel training for the safe and proper methods to operate a natural gas system.

Cow Creek's representative Justin Hall agreed to this settlement proposal subject to Commission approval.

The meeting was adjourned.



**COW CREEK GAS, INC.**  
276 Thompson Road  
P.O. Box 3385  
Pikeville, KY 41502-3385  
Phone (606) 437-6147  
Fax (606) 432-5103

RECEIVED  
SEP 22 1999  
PUBLIC SERVICE  
COMMISSION

September 20, 1999

Stephanie Bell, Secretary of the Commission  
Public Service Commission  
730 Schenkel Layne  
P.O. Box 615  
Frankfort, KY 40602

Re: Commission's Order in Case No. 99-356

Dear Ms. Bell:

Interstate Natural Gas Company has performed certain functions to satisfy the inspection report for the Public Service Commission. The following items are discussed pursuant to our initial letter and we have attached copies of the information concerning these performed functions as requested.

Alleged Violation:

1. Conducted no odorant checks for 1998.

Response: Odorant checks were performed for 1998 and recorded. See Attachment "A"

Alleged Violation:

2. No system leak survey records.

Response: Cow Creek Gas, Inc has been operated for 4 ½-years. Our belief is that a leak survey is required every five (5) years. November 15<sup>th</sup>, 1999 is the date for our leak survey to be performed. Mr. Rife has been contracted to do the leak survey. The survey will be forwarded to PSC as soon as it becomes available.

Page 2  
September 20, 1999  
Bell, Stephanie

Alleged Violation:

4. Failed to review relief valve capacities.

Response: Relief valve capacities were reviewed on June 21, 1999. See Attachment "C"

Alleged Violation:

5. Failed to have a continuing education program to inform the public about recognizing a gas pipeline emergency.

Response: We continued the education program to inform the public in case of an emergency. See Attachment "D", printed in the newspaper on June 25, 1999.

Alleged Violation:

6. Kept no records on annual maintenance on regulators and relief valves.

Response: Annual Maintenance was performed on regulators and relief valves on October 19, 1998 and again on June 23, 1999. See Attachment "E"

We would like to request an informal conference with the Commission Staff to consider these matters if this will help in aiding the handling and disposition of the filing with the commission.

Very truly yours,



**JEROME A. KANNEY**  
**President**  
**COW CREEK GAS, INC.**

JAK/jdh

Enclosures

# ATTACHMENT "A"

## ODOR SNIFF TEST 1998

Cow Creek Gas Co. \_\_\_\_\_ Sheet No. \_\_\_\_\_

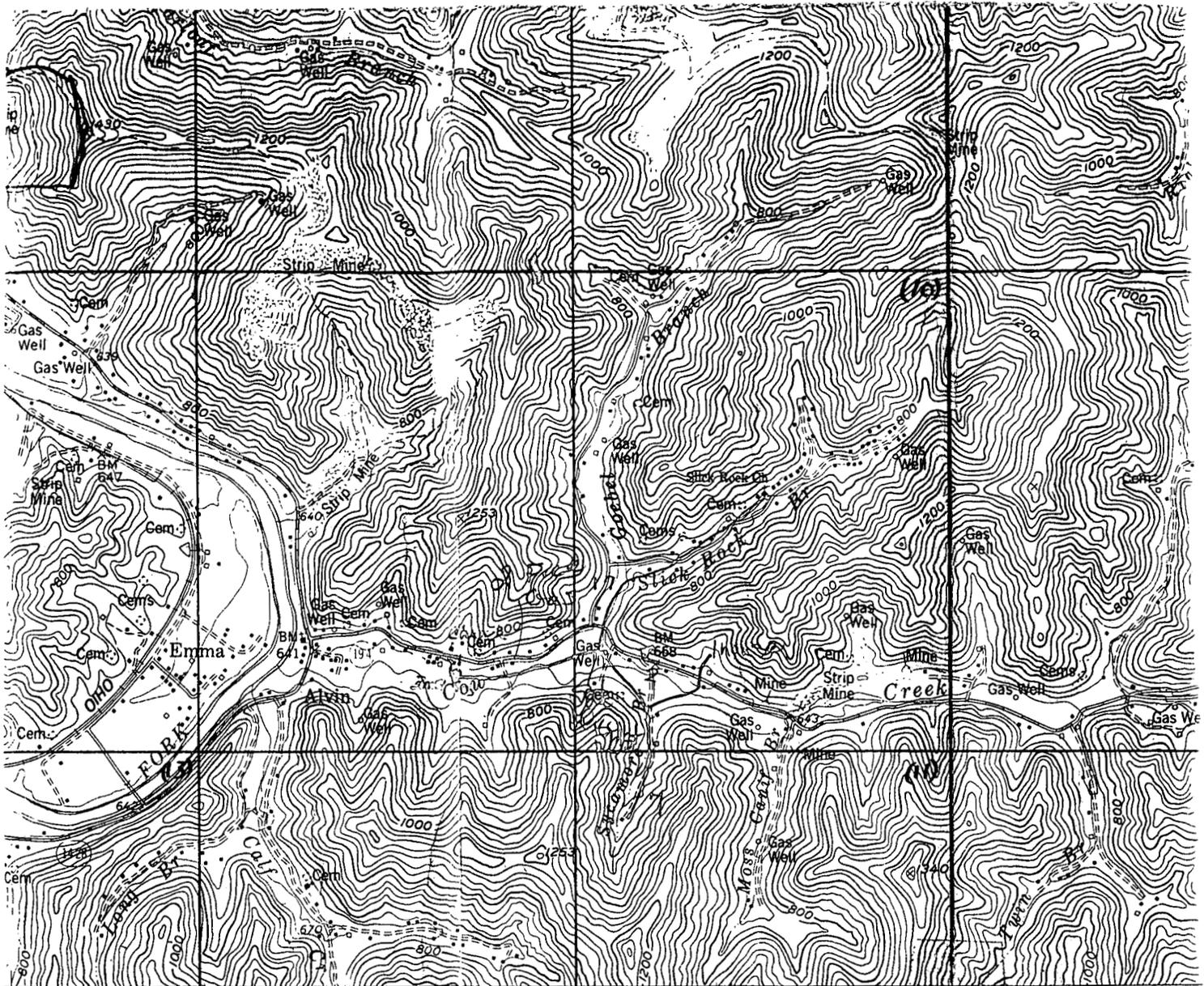
\_\_\_\_\_ Acct. No. \_\_\_\_\_

### Location

Date Set	Meter		Date Removed
	Number	Size	

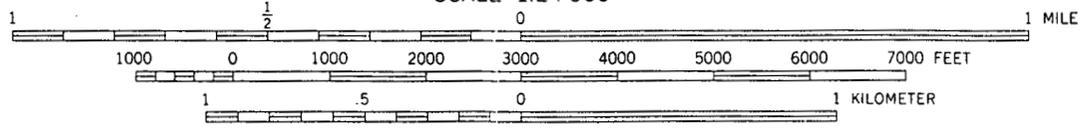
	WEEK ONE	WEEK TWO	WEEK THREE	WEEK FOUR
Dec.				
Nov.	4 <sup>th</sup>	11 <sup>th</sup>	18 <sup>th</sup>	25 <sup>th</sup>
Oct.	6 <sup>th</sup>	13 <sup>th</sup>	20 <sup>th</sup>	27 <sup>th</sup>
Sep.	7 <sup>th</sup>	14 <sup>th</sup>	21 <sup>st</sup>	28 <sup>th</sup>
Aug.	3 <sup>rd</sup>	10 <sup>th</sup>	17 <sup>th</sup>	24 <sup>th</sup>
Jul.	6 <sup>th</sup>	13 <sup>th</sup>	20 <sup>th</sup>	27 <sup>th</sup>
Jun.	5 <sup>th</sup>	12 <sup>th</sup>	19 <sup>th</sup>	26 <sup>th</sup>
May	5 <sup>th</sup>	12 <sup>th</sup>	19 <sup>th</sup>	26 <sup>th</sup>
Apr.	6 <sup>th</sup>	13 <sup>th</sup>	20 <sup>th</sup>	27 <sup>th</sup>
Mar.	6 <sup>th</sup>	13 <sup>th</sup>	20 <sup>th</sup>	27 <sup>th</sup>
Feb.	4 <sup>th</sup>	11 <sup>th</sup>	18 <sup>th</sup>	25 <sup>th</sup>
Jan.	6 <sup>th</sup>	13 <sup>th</sup>	20 <sup>th</sup>	27 <sup>th</sup>
	wk one	wk two	wkthree	wk four





130° 150° 152° 153°

(HAROLD)  
4459 II SW  
SCALE 1:24 000



CONTOUR INTERVAL 40 FEET  
NATIONAL GEODETIC VERTICAL DATUM OF 1929

THIS MAP COMPLIES WITH NATIONAL MAP ACCURACY STANDARDS  
FOR SALE BY U. S. GEOLOGICAL SURVEY, RESTON, VIRGINIA 22092  
KENTUCKY GEOLOGICAL SURVEY, LEXINGTON, KENTUCKY 40506.  
AND KENTUCKY DEPARTMENT OF COMMERCE, FRANKFORT, KENTUCKY 40601  
A FOLDER DESCRIBING TOPOGRAPHIC MAPS AND SYMBOLS IS AVAILABLE ON REQUEST



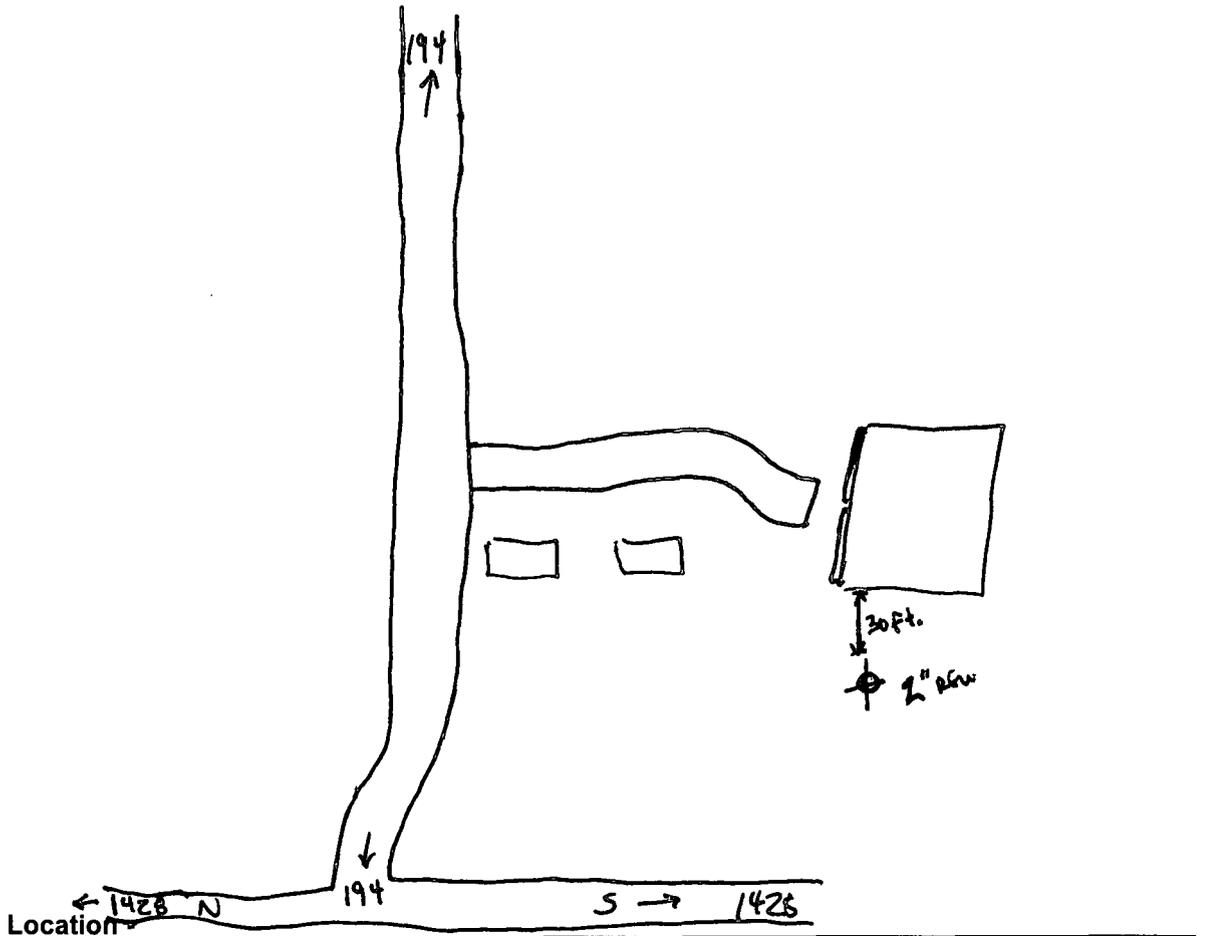
ATTACHMENT "B"

Valve Location Record

Town ~~LAWLER~~ ALVIN

Valve No. 1  
Size 2" REGULAR RP  
Make APOLLO

Sketch



THIS VALVE IS THE MAIN VALVE COMING OFF OF THE WELL HEAD.

Remarks - CONTROLS GAS

Signed \_\_\_\_\_



## 3.0

VALVE INSPECTION AND MAINTENANCE**Distribution System**

Each Key valve, the use of which may be necessary for the safe operation of a distribution system, must be checked and service at intervals not exceeding one year.

**Procedure of Testing and Maintenance**

Each Key valve inspected must be cleared of all foreign substance, kept painted and properly marked. Test of same shall be made by partially operation of same by on and off turn, to see that same is in good working condition, the employee making said inspection shall indicate the location of valve, date tested and condition of same, and sign written report, giving details of test, to conform to this procedure and make permanent file in valve inspection folder kept at company shop.



ATTACHMENT "D"

Floyd County Times  
P.O. Box 391  
Prestonsburg, KY 41653  
606-886-8506  
Tearsheet Order

Name: Cow Creek Gas Co. Acct.# \_\_\_\_\_

Address: \_\_\_\_\_  
\_\_\_\_\_

Legal: \_\_\_\_\_ Classified Word: \_\_\_\_\_ Classified Display: \_\_\_\_\_

Heading: \_\_\_\_\_ Size: \_\_\_\_\_

Description: Gas pipeline, emergency

Dates to Run:

<u>6-25</u> ✓	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
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Other Instructions:

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Johnson,  
Hall, Larry  
and Dave  
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f Permits,  
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Kentucky

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ounty Coal  
n, P.O. Box  
KY 41224

has applied for renewal of a permit for a surface and underground coal mining operation located 1.5 miles northeast of Thomas in Pike, Floyd, and Martin Counties. The proposed operation will disturb 649.9 surface acres and will underlie 174.4 acres and the total area within the permit boundary will be 824.3 acres.

The proposed operation is approximately 1.5 miles northeast of Brushy Fork Road's junction with KY 194 and located on Cow Fork. The latitude is 37°41'34". The longitude is 82°33'13".

The proposed operation is located on the Thomas U.S.G.S. 7 1/2 minute quadrangle map. The surface area to be disturbed is owned by Pocahontas Development Corporation, Lon B. Rogers, Martin County Coal Corporation, William McCoy Heirs, and TJ Hardin Heirs and underlies land owned by Pocahontas Development Corporation, George Morrison, East

Kentucky Energy Corporation, and Martin County Coal Corporation.

The application has been filed for public inspection at the Department for Surface Mining Reclamation and Enforcement's Prestonsburg Regional Office, 3140 South Lake Drive, Suite 6, Prestonsburg, KY 41653. Written comments, objections, or requests for a permit conference must be filed with the Director of the Division of Permits, No. 2 Hudson Hollow, 127 South, Frankfort, Kentucky 40601.

This is the final advertisement of this application; all comments, objections, or requests for a permit conference must be received within 30 days of this date.

**PUBLIC NOTICE**

To all natural gas customers of Cow Creek Gas Co., Inc. To recognize a gas pipeline emergency: (a) Natural gas has a distinct smell, any

odor of gas smell inside your home—immediately turn off all gas appliances—leave your home and call the gas company, do not re-enter your home until the gas company has made its inspection of all gas piping inside and outside your home.

(b) Any smell of natural gas or detect of lead in any gas mains regardless of its location report it immediately.

(c) To all persons, firms or corporations or contractors; Before you commence any excavation or related activities in the areas of Cow Creek, Home Branch and Slick Rock Road, call for location of our gas mains and service lines.

Telephone 886-6463 or 874-0070; Cow Creek Gas Company Inc., P.O. Box 820, Prestonsburg, Ky. 41653.

**NOTICE OF SALE**

In accordance with the Summary Judgment entered in Family Bank, FSB vs. Billiter & Billiter, Inc.,

et. al., Johnson Circuit Court, C.A. No. 99-CI-00133, Family Bank, FSB shall offer for public sale all equipment or other property owned by Billiter & Billiter, Inc. and recovered by Family Bank, FSB pursuant to said Judgment.

The property shall be sold as one lot for one price on the 9th day of July, 1999, at 9:00 a.m. and the sale will be held at the former business address of Domino's Pizza at 419 Broadway, Paintsville, Kentucky 41240. Arrangements can be made with Family Bank, FSB for itemizations and inspection of the property prior to sale by calling 606-789-3541.

The above sale shall be subject to the right of redemption of the United States of America Internal Revenue Service and Family Bank, FSB reserves the right to bid at said sale.

Dated this 14th day of June, 1999:  
John Blackburn  
Chief Executive Officer  
Family Bank, FSB



*When there's a call for  
selling  
your old items,  
call the  
Classifieds!*

- Autos
- Appliances
- Electronics

COW CREEK

Regulator Station	FF 1
Purchased	WELL HEAD
Type	TAYLOR TOOLS
Serial No.	N/A
Size	2" 9000 SERIES
Manufacturer	CONBRACO IND.
Installed	N/A
Working Press	1500 lbs/PSI

Installed by:	N/A
---------------	-----





COMMONWEALTH OF KENTUCKY  
**PUBLIC SERVICE COMMISSION**

730 SCHENKEL LANE  
POST OFFICE BOX 615  
FRANKFORT, KY. 40602  
(502) 564-3940

September 22, 1999

Jerome A. Kanney  
President  
Cow Creek Gas, Inc.  
276 Thompson Road  
P. O. Box 2861  
Pikeville, KY. 41502

RE: Case No. 99-356

We enclose one attested copy of the Commission's Order in  
the above case.

Sincerely,

A handwritten signature in cursive script that reads "Stephanie Bell".

Stephanie Bell  
Secretary of the Commission

SB/sa  
Enclosure

FAX

September 20, 1999

Stephanie Bell, Secretary of the Commission  
Public Service Commission  
730 Schenkel Layne  
P.O. Box 615  
Frankfort, KY 40602

RECEIVED  
SEP 20 1999  
PUBLIC SERVICE  
COMMISSION

Re: Commission's Order in Case No. 99-356

Dear Ms. Bell:

Interstate Natural Gas Company has performed certain functions to satisfy the inspection report for the Public Service Commission. The following items are discussed pursuant to our initial letter and we have attached copies of the information concerning these performed functions as requested.

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1. Conducted no odorant checks for 1998.

Response: Odorant checks were performed for 1998 and recorded. See Attachment "A"

Alleged Violation:

2. No system leak survey records.

Response: Cow Creek Gas, Inc has been operated for 4 1/2-years. Our belief is that a leak survey is required every five (5) years. November 15<sup>th</sup>, 1999 is the date for our leak survey to be performed. Mr. Rife has been contracted to do the leak survey. The survey will be forwarded to PSC as soon as it becomes available.

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

COW CREEK GAS, INC. )  
 )  
 \_\_\_\_\_ ) CASE NO. 99-356  
 )  
 ALLEGED VIOLATIONS OF )  
 ADMINISTRATIVE REGULATION )  
 807 KAR 5:022 )

O R D E R

On September 9, 1999, the Commission issued an Order requiring Cow Creek Gas, Inc. ("Cow Creek") to show cause why it should not be penalized for violations of Commission regulations. Under the provisions of that Order, Cow Creek has moved for an informal conference with the Commission Staff.

IT IS THEREFORE ORDERED that:

1. Cow Creek shall appear for an informal conference with Commission Staff on Thursday, September 23, 1999, at 9:30 a.m., Eastern Daylight Time, in Hearing Room 1 of the Commission's offices at 730 Schenkel Lane, Frankfort, Kentucky.
2. Cow Creek shall bring all documents to support its position and shall be represented by counsel or corporate officer authorized to enter into a settlement agreement.

Done at Frankfort, Kentucky, this 22nd day of September, 1999.

By the Commission

ATTEST:

  
Executive Director



COMMONWEALTH OF KENTUCKY  
**PUBLIC SERVICE COMMISSION**  
730 SCHENKEL LANE  
POST OFFICE BOX 615  
FRANKFORT, KY. 40602  
(502) 564-3940

September 2, 1999

Jerome A. Kanney  
President  
Cow Creek Gas, Inc.  
276 Thompson Road  
P. O. Box 2861  
Pikeville, KY. 41502

RE: Case No. 99-356

We enclose one attested copy of the Commission's Order in  
the above case.

Sincerely,  
*Stephanie Bell*

Stephanie Bell  
Secretary of the Commission

SB/hv  
Enclosure

Is your RETURN ADDRESS completed on the reverse side?

**SENDER:**

- Complete items 1 and/or 2 for additional services. Complete items 3, 4a, and 4b.
- Print your name and address on the reverse of this form so that we can return this card to you.
- Attach this form to the front of the mailpiece, or on the back if space does not permit.
- Write "Return Receipt Requested" on the mailpiece below the article number.
- The Return Receipt will show to whom the article was delivered and the date delivered.

HW 99-756

I also wish to receive the following services (for an extra fee):

- 1.  Addressee's Address
- 2.  Restricted Delivery

3. Article Addressed to:

Jerome A Kanney

4a. Article Number

2 509 025 515

4b. Service Type

- Registered  Certified
- Express Mail  Insured
- Return Receipt for Merchandise  COD

7. Date of Delivery

9-7-99

5. Received By: (Print Name)

Game Chaney

6. Signature (Addressee or Agent)

8. Addressee's Address (Only if requested and fee is paid)

PS Form 3811, December 1994

102595-99-B-0223

Domestic Return Receipt

Thank you for using Return Receipt Service.

Z 509 025 515

US Postal Service  
**Receipt for Certified Mail**  
 No Insurance Coverage Provided.  
 Do not use for International Mail (See reverse)

Sent to	Jerome A. Kanney
Street & Number	50 BOX 2861
Post Office, State, & ZIP Code	T. Keen. IL, Ky 41502
Postage	0607 .55
Certified Fee	1.40
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	
Return Receipt Showing to Whom, Date, & Addressee's Address	1.25
<b>TOTAL Postage &amp; Fees</b>	<b>\$ 3.20</b>
Postmark or Date	

PS Form 3800, April 1995

HW 99 756

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

COW CREEK GAS, INC. )  
 )  
 \_\_\_\_\_ ) CASE NO. 99-356  
 )  
 ALLEGED VIOLATIONS OF )  
 ADMINISTRATIVE REGULATION )  
 807 KAR 5:022 )

O R D E R

Cow Creek Gas, Inc. ("Cow Creek") is a gas distribution system operating in Floyd County, Kentucky serving approximately 33 customers.

Cow Creek is subject to the jurisdiction of the Commission, pursuant to KRS 278.010 and 278.040. Cow Creek is also subject to Commission jurisdiction under the authority of and in compliance with federal pipeline safety laws, 49 U.S.C. § 60101, *et seq.*, and the regulations of 49 CFR 189-199 pursuant to KRS 278.990 and 278.992.

Pursuant to these statutes and 49 CFR 189-199, the Commission promulgated Administrative Regulation 807 KAR 5:022. Commission Staff has submitted to the Commission a Comprehensive Inspection Report, dated July 29, 1999, in which Commission Staff alleges the following violations:

1. Conducted no odorant checks during 1998. 807 KAR 5:022, Section 13(17)(g), and 49 CFR 192.625(f). This is a repeat violation.
2. Kept no system leak survey records. 807 KAR 5:022, Section 14(13), and 49 CFR 192.723. This is a repeat violation.

3. Kept no valve inspection records for 1998. 807 KAR 5:022, Section 14(25), and 49 CFR 192.747. This is a repeat violation.

4. Failed to review relief valve capacities for 1998. 807 KAR 5:022, Section 14(23), and CFR 192.743. This is a repeat violation.

5. Failed to have a continuing education program to inform the public about recognizing a gas pipeline emergency. 807 KAR 5:022, Section 13(9)(d), and 49 CFR 192.616. This is a repeat violation.

6. Kept no records of annual maintenance on regulators and relief valves. 807 KAR 5:022, Section 14(21), and 49 CFR 192.739.

Based on its review of the Comprehensive Inspection Report, and being otherwise sufficiently advised, the Commission finds *prima facie* evidence that Cow Creek has failed to comply with Administrative Regulation 807 KAR 5:022.

The Commission, on its own motion, HEREBY ORDERS that:

1. Cow Creek shall appear before the Commission on September 28, 1999, at 9:00 a.m., Eastern Daylight Time, in Hearing Room 1 of the Commission's offices at 730 Schenkel Lane, Frankfort, Kentucky, for the purpose of presenting evidence concerning the alleged violations of Administrative Regulation 807 KAR 5:022, and of showing cause why it should not be subject to the penalties prescribed in KRS 278.990(1) and 278.992(1) for these alleged violations.

2. The Comprehensive Inspection Report, dated July 29, 1999, a copy of which is appended hereto, is made part of the record of this proceeding.

3. Within 20 days of the date of this Order, Cow Creek shall submit to the Commission a written response to the allegations contained in the Comprehensive Inspection Report.

4. Any motion requesting an informal conference with Commission Staff to consider matters which would aid in the handling or disposition of this proceeding shall be filed with the Commission no later than 20 days from the date of this Order.

Done at Frankfort, Kentucky, this 2nd day of September, 1999.

By the Commission

ATTEST:

  
Executive Director

## APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION  
IN CASE NO. 99- 356 DATED SEPTEMBER 2, 1999.

### COMMONWEALTH OF KENTUCKY PUBLIC SERVICE COMMISSION

#### COMPREHENSIVE INSPECTION REPORT

COW CREEK GAS, INC.  
Pikeville, Kentucky

July 29, 1999

#### BRIEF

A comprehensive inspection of the natural gas facilities of Cow Creek Gas, Inc. ("Cow Creek") was conducted on June 17, 1999 by Earl H. Alderman, Jr. This inspection was conducted in accordance with the Public Service Commission's ("PSC") policy of inspecting all jurisdictional operators. Natural gas operators are jurisdictional to the PSC under KRS 278.040, 278.495 and also through a 5(a) Agreement with the United States Department of Transportation, Office of Pipeline Safety, for the enforcement of the Natural Gas Pipeline Safety Act of 1968.

#### INSPECTION

Cow Creek is a gas distribution system operating in Floyd County, Kentucky, and serves approximately 33 customers.

A review was made of Cow Creek's Operating and Maintenance, Emergency, Damage Prevention, and Anti-Drug Plans during the office portion of the inspection. Also during the office visit, records were reviewed concerning the leak survey, system patrolling, odorization, valve maintenance, and regulator and relief valves.

During the field inspection, a partial leak survey was conducted along with checks on main line valves and residential meter settings.

John Allen assisted us on this inspection.

Deficiencies noted during this inspection will be further discussed in the findings section of this report.

### FINDINGS

The following deficiencies were found:

1. Odorant checks were not conducted during 1998. 807 KAR 5:022, Section 13(17)g, and 49 CFR Part 192.625(f). (This is a repeat violation from the April 30, 1996 comprehensive inspection of Cow Creek.)
2. Records for the system leak survey could not be found. 807 KAR 5:022, Section 14(13) and 49 CFR Part 192.723. (This is a repeat violation from the April 30, 1996 comprehensive inspection of Cow Creek.)
3. No valve inspection records could be found for 1998. 807 KAR 5:022, Section 14(25) and 49 CFR Part 192.747. (This is a repeat violation from the April 30, 1996 comprehensive inspection of Cow Creek.)
4. Relief valve capacities were not reviewed for 1998. 807 KAR 5:022, Section 14(23) and 49 CFR Part 192.743. (This is a repeat violation from the April 30, 1996 comprehensive inspection of Cow Creek.)
5. Cow Creek has no continuing education program with the public. 807 KAR 5:022, Section 13 (9)(d) and 49 CFR Part 192.616. (This is a repeat violation from the April 30, 1996 comprehensive inspection of Cow Creek.)

6. Cow Creek has no record of annual maintenance on regulators and relief valves. 807 KAR 5:022, Section 14(21) and 49 CFR Part 192.739. (This is a repeat violation from the April 30, 1996 comprehensive inspection of Cow Creek.)

### RECOMMENDATIONS

It is recommended that Cow Creek:

1. Check odorant levels in the system weekly.
2. Conduct a leak survey over the entire system.
3. Check all key valves on the system every year and maintain the records.
4. Check relief valves for proper size.
5. Implement a continuing education program for the public in the area of your system.
6. Check regulators and relief valves annually for proper operation.

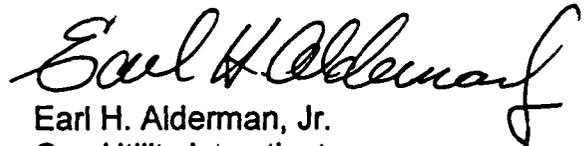
It is also recommended that in order to safely operate a natural gas system, maintenance personnel must have training on the safe and proper ways to respond to leakage calls and also how to handle gas in an emergency. This training is available through the Kentucky Gas Association. Further information on the Kentucky Gas Association training seminars may be obtained by contacting Dr. Paul Lyons, Kentucky Gas Association, 92 Chestnut Street, Murray, Kentucky 42071, (502) 753-2151 or (800) 455-9427, email: [itskga@idd.net](mailto:itskga@idd.net), web address: <http://www.kygas.org>.

It is also recommended that a copy of this report be sent to Cow Creek directing that it respond by August 30, 1999 with a schedule of compliance to the cited deficiencies for Commission approval.

Report – Cow Creek Gas, Inc.  
July 29, 1999  
Page 4

It is further recommended that the Commission initiate a hearing to allow Cow Creek to show cause why it should not be penalized for failure to comply with Commission regulations.

Respectfully submitted,



Earl H. Alderman, Jr.  
Gas Utility Investigator

LLA

EHA:dcp  
9909500